

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1516-02  
Bill No.: HCS for HB 581  
Subject: Farmland Protection Act  
Type: Original  
Date: March 26, 2001

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

---

## **FISCAL ANALYSIS**

### ASSUMPTION

Officials from the **Department of Agriculture, Department of Conservation, Department of Economic Development** and the **Office of Administration - Division of Budget and Planning** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Department of Natural Resources** assume the proposed legislation does not affect the department's authority. Therefore, the proposal would have no direct fiscal impact on the department.

Officials from the **Office of Attorney General** assume the costs related to the proposed legislation could be absorbed with existing resources.

In reference to a similar proposal (HB 581), officials from **Cole County** noted that they do not contemplate the county itself losing revenues as a result of this legislation; however, the Cole County Sewer District may, at some time, be adversely affected in a significant fashion. The prohibition against the owner being charged "based on the total cost of running the water main or sewer line to or across the owner's real property" will result in a large loss of revenue to whomever undertakes such a venture. The period of abeyance without interest will result in another significant loss of revenue to whomever is left to bear the costs.

In reference to a similar proposal (HB 581), officials from the **Little Blue Valley Sewer District** and the **Callaway County Water District #1** assume the proposed legislation would have no fiscal impact on their agencies.

In reference to a similar proposal (HB 581), officials from the **Cole County Water District #1** assume the proposed legislation could result in unknown costs and also could result in the loss of interest on the money used to finance the extensions.

In reference to a similar proposal (HB 581), officials from **Platte County** assume the proposed legislation would have no fiscal impact on their county.

**Oversight** assumes this proposal changes general law regarding public utilities and lands that are located in un-platted areas and used for agriculture or residential purposes or both. Oversight assumes that public utility companies and local governments will have a delay in recovering costs of running utilities into affected areas. Oversight assumes that local governments will have to consider not being able to recover costs of expanding services when crossing farmlands. With exception to Public Water Supply Districts, Oversight assumes the act of expanding services into agricultural areas to be discretionary. Oversight assumes the cost of abeyance to be (unknown).

ASSUMPTION (continued)

Under this substitute, **Oversight** notes that the language in reference to the City of Kansas City states that the assessments on tracts of farmland otherwise protected by the Farmland Protection Act are to be the proportionate cost of water or sewer improvements, but the portion of the assessment initially payable is not to exceed \$500 per acre and \$10,000 for the tract. The remaining portion of the assessment is to be held in abeyance, without interest, until the owner connects with the new improvements or until the property is conveyed to a new owner who does not continue to utilize the property for farming purposes. Therefore, this also results in (unknown) costs due to the delay in recovering costs over a certain amount.

As noted in section 262.802.13, **Oversight** assumes the potential could exist for additional unknown costs due to legal fees, costs, etc. should a political subdivision seek declaratory judgement and lose. Therefore, Oversight assumes (unknown) costs to political subdivisions and has reflected this is the fiscal impact specifications below.

Relating to this same matter, **Oversight** notes that if a political subdivision seeks declaratory judgement in reference to the language in this proposal, the owner of such land is to be considered a state agency and is to be represented by the state. However, if the political subdivision loses, the cost of providing defense to such landowner, including reasonable attorney fees and costs, is to be reimbursed to the state by the political subdivision. Due to this language and the Office of Attorney General's response, Oversight has not reflected a impact on state funds.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Cost - Local Government</u>			
Abeyance of cost of utility services and potential for legal costs	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

#### FISCAL IMPACT - Small Business

Small businesses which are family farms could be affected by the provisions of this proposal.

#### DESCRIPTION

This substitute is to be known as the Farmland Protection Act. The provisions of the act apply to tracts of real property containing 10 or more contiguous acres, used as agricultural or single family residential property or both, and not located in a platted subdivision.

The purpose of the substitute is to protect agricultural, horticultural, and forestry land; promote continued rural economic viability; promote quality of life; promote continued viability of those businesses dependent on providing materials, equipment, and services to agriculture, horticulture, and forestry; and protect farmland from negative impacts.

The substitute requires the state or any political subdivision to hold sewer and water assessments in abeyance, without interest, until improvements on property covered by the substitute are connected to the sewer or water system. Upon connection to the sewer or water system, the owner is to pay an amount equal to the proportionate charge for the number of system lines connected to improvements on the property.

The provisions of the substitute do not apply to rural water supply districts, except that a rural water supply district is not to require payment from landowners whose property is crossed to service another tract of land until the landowner requests connection to the rural water supply district.

In Kansas City, the assessments on tracts of farmland otherwise protected by the Farmland Protection Act are to be the proportionate cost of water or sewer improvements, but the portion of the assessment initially payable is not to exceed \$500 per acre and \$10,000 for the tract. The remaining portion of the assessment is to be held in abeyance, without interest, until the owner connects with the new improvements or until the property is conveyed to a new owner who does not continue to utilize the property for farming purposes.

Persons purchasing property located within one-half mile of property used for agricultural purposes are to be given a notice of that prior to the final sale. The substitute specifies the language of the notice.

The substitute also requires that property subject to the Farmland Protection Act is not to be taken by any political subdivision of the state by eminent domain except after an open public hearing.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Agriculture

AK:LR:OD (12/00)

Department of Conservation  
Department of Economic Development  
Department of Natural Resources  
Office of Administration - Division of Budget and Planning  
Office of Attorney General  
Callaway County Water District #1  
Cole County  
Cole County Water District #1  
Little Blue Valley Sewer District  
Platte County

**NOT RESPONDING:** City of Kansas City

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large, circular initial "J" and a long, sweeping horizontal stroke at the end.

Jeanne Jarrett, CPA  
Director

March 26, 2001